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CC:

Subject: OIL AND GAS:House Republicans spoil for fight on fracking

OIL AND GAS: House Republicans spoil for fight on fracking

Mike Soraghan, E&E reporter

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House Republicans' top investigator is going after the Obama administration's approach to shale gas drilling and hydraulic fracturing, creating the potential for an election-year fight about the nation's drilling boom.

House Oversight and Government Reform Chairman Darrell Issa (R-Calif.) is questioning whether U.S. EPA chief Lisa Jackson has "prejudged" fracturing as an environmental threat worthy of strict federal regulation. And he has subpoenaed Energy Secretary Steven Chu about how he chose a panel to look into the safety of shale gas drilling.

Issa issued the subpoena Oct. 5, but he is now taking the fight public as the congressional Solyndra investigation winds down and the Keystone XL pipeline debate picks up steam. The move also comes as EPA and Jackson spar with Pennsylvania officials about drilling and water contamination in Dimock, Pa. (Greenwire, Jan. 16).

"Three federal agencies are vying for the role of federal regulator of the industry," Issa wrote in a letter yesterday that was also signed by Rep. James Lankford (R-Okla.), who chairs an oversight subcommittee. "It appears EPA is preparing to regulate the practice of hydraulic fracturing in such a way as to make an unreliable method of obtaining natural gas."

Issa also demanded an answer to a question often asked by industry backers: "Can EPA cite a single instance where the practice of hydraulic fracturing has led to groundwater contamination?"

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For the first time, Jackson's answer to that could be yes. EPA officials recently released a study of water contamination in Pavillion, Wyo., that found "constituents associated with hydraulic fracturing have been released into the Wind River drinking water aquifer" under Pavillion (E&ENews PM, Jan. 17).

However, EnCana Corp., the local driller, has categorically denied the allegations. And EPA didn't report finding fracturing chemicals in residents' drinking water, only in the deeper aquifer. The EPA study was done by some of the same EPA offices conducting a wide-ranging inquiry into whether fracturing poses a threat to drinking water. The study is due after the November election.

In response to Issa's letter, an EPA spokeswoman issued a statement that sidestepped his accusations.

"EPA has in several instances responded to public concerns about potential drinking water contamination. We have conducted a water investigation in Pavillion, Wyo., and will begin a round of water sampling at residences in Dimock, PA, in both cases after residents expressed concern about water contamination in their wells," the agency said. "In the meantime, if we see an immediate threat to public health, we will not hesitate to take steps under the law to protect Americans whose health may be at risk."

Issa's accusation that EPA expects U.S. EPA to try to block hydraulic fracturing is extrapolated from emails between staffers at the Federal Energy Regulatory Commission during a review of the Utility MACT rule. He cites a March 15, 2011, email from David Kathan, an economist in FERC's Office of Energy Policy and Innovation.

"EPA rejects the option of fuel switching based [on] its concerns about natural gas availability and environmental impacts of hydraulic fracturing associated with shale gas production," Kathan wrote. He said EPA would support a conclusion about electricity availability only if FERC believes certain amounts of power could be generated "without the use of hydraulic fracturing."

To Issa, that contradicts Jackson's testimony in hearings that state governments are the appropriate "first line of defense"

against environmental damage.

"EPA's comments to FERC demonstrate EPA has come to a predetermined conclusion that hydraulic fracturing will be imminently regulated by EPA," Issa wrote.

A fine line

The Obama administration expanded a Department of Energy advisory panel in May and asked members to undertake a study into the safety of shale gas drilling and hydraulic fracturing.

President Obama was trying to walk a fine line between supporting the job-creating shale gas industry and environmentalists pointing out water contamination and other industrial pollution around drilling sites.

The committee issued a report that hailed the potential of shale gas as an energy source, but said drilling companies' lax approach to environmental protection risked a political backlash that could jeopardize expansion of the industry (Greenwire, Aug. 11, 2011).

As soon as the panel was formed, Issa, other Republicans and industry groups such as the American Petroleum Institute complained that Chu had not chosen any oil and gas company employees for the panel, while the group did include the head of an environmental group.

Environmentalists, on the other hand, complained that all but one member of the panel had financial ties to the oil and gas industry.

Since the subpoena was issued, there has been a behind-the-scenes tussle between administration appointees at DOE and Issa's staff that was laid out in a letter yesterday to Chu.

But DOE hasn't given committee staffers the documents they want. So Issa is demanding that seven DOE staffers submit to transcribed interviews, including White House liaison Mackey Dykes and Chief of Staff Brandon Hurlbut.

DOE officials said they're reviewing Issa's letter and said they have cooperated with Issa's investigation. But they defended the composition of the fracking panel.

"While Chairman Issa's investigation is based on the concern that the panel would be biased against industry, the group of experts brought together by Secretary Chu to help improve the safety and sustainability of natural gas fracturing included leaders from industry, states, environmental groups, and academia," said DOE spokeswoman Jen Stutsman. "The final report produced by the group was widely recognized as balanced and nonpartisan."

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